

Message Text

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EUR - MR. ARMITAGE
OES/NET - MR. HOYLE (DRAFT)
PM - MR. OPLINGER (SUBSTANCE)
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S/P - MR.KALICHI (SUBSTANCE)
NRC - MR. GUHIN (SUBSTANCE)
ACDA/MR.VAN DOREN(SUBS)
PM/GEORGE VEST(DRAFT)
S/S:MR.SEBASTIAN
NSC:MR.HYLAND

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EXDIS

E.O. 11652:GDS

TAGS: TECH, ENRG, YO

SUBJECT:KRSKO

1. THIS MESSAGE HAS THE TEXT OF AN ATTACHMENT TO A LETTER
FROM THE SECRETARY TO VICE PRESIDENT MINIC CONTAINING
A NEW PROPOSAL ON KRSKO. THE ATTACHMENT IS ENTITLED:
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"US POLICY ON NUCLEAR PROLIFERATION AND KRSKO". THE TEXT
OF THE LETTER AND DELIVERY INSTRUCTIONS FOLLOW BY SEPARATE
TELEGRAM.

2. BEGIN TEXT:

--- THE UNITED STATES ATTACHES THE HIGHEST PRIORITY

TO THE NECESSITY FOR NUCLEAR WEAPONS STATES TO WORK MORE ENERGETICALLY TO ACHIEVE NUCLEAR DISARMAMENT AND PREVENTION OF THE POTENTIAL SPREAD OF ATOMIC EXPLOSIVE CAPABILITIES. IT BELIEVES THESE GOALS MUST BE SECURED NOW IF THE WORLD IS TO BE PRESERVED FOR FUTURE GENERATIONS. FOR THESE REASONS, THE UNITED STATES HAS SOUGHT IN ITS NEGOTIATIONS WITH THE SOVIET UNION SIGNIFICANT REDUCTIONS IN ATOMIC WEAPONS AS WELL AS MORE RAPID PROGRESS TOWARD AN END TO THE TESTING OF ATOMIC DEVICES.

--- THE PRESIDENT HAS ALSO REQUESTED THAT UNITED STATES

AGENCIES CONDUCT A MAJOR REVIEW OF US NONPROLIFERATION AND NUCLEAR EXPORT POLICIES TO SEE WHAT MORE CAN BE DONE TO REDUCE POSSIBLE FURTHER PROLIFERATION OF NUCLEAR EXPLOSIVE CAPABILITIES. THIS REVIEW HAS HIGHLIGHTED THE GRAVE DANGER CREATED BY THE GLOBAL SPREAD OF STOCKPILES OF WEAPONS-USABLE MATERIALS, SUCH AS PLUTONIUM, AND THE FUEL-CYCLE FACILITIES THAT PRODUCE THEM. THE REVIEW PARTICULARLY POINTS UP THE DANGERS OF WIDESPREAD ACCESS TO WEAPONS-USABLE PLUTONIUM THAT CAN RESULT FROM REPROCESSING OF SPENT FUEL. BECAUSE THERE IS NO CLEAR, OFFSETTING JUSTIFICATION FOR SUCH REPROCESSING AT THIS TIME, THE UNITED STATES HAS DECIDED TO SET AN EXAMPLE BY NOT GOING AHEAD WITH COMMERCIAL REPROCESSING AND, INSTEAD, TO REDIRECT FUNDS TO THE EXPLORATION OF TECHNICAL ALTERNATIVES TO A "PLUTONIUM ECONOMY."

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--- THE WORLD'S ENERGY REQUIREMENTS MUST NEVERTHELESS BE MET NOW AND IN THE FUTURE, AND NUCLEAR ENERGY MUST CONTRIBUTE SUBSTANTIALLY TO MEETING THEM. THE UNITED STATES THEREFORE PROPOSES TO WORK, BOTH DOMESTICALLY AND WITH OTHER CONCERNED COUNTRIES--CONSUMERS AND SUPPLIERS ALIKE, TO ASSURE ADEQUATE SUPPLIES OF NUCLEAR FUEL AND SAFE DISPOSAL OF SPENT FUEL FROM THE PRESENT GENERATION OF REACTORS. IT WILL ALSO TRY TO RESTRUCTURE THE NEXT GENERATION OF NUCLEAR POWER TECHNOLOGY SO AS TO MINIMIZE PROLIFERATION RISKS.

--- THIS GRAVE PROBLEM CANNOT BE SOLVED UNILATERALLY OR BY NATIONS WORKING IN ISOLATED GROUPS. SOLUTIONS CAN ONLY BE FOUND THROUGH A WORLDWIDE EFFORT TO DEVELOP THOSE ENERGY TECHNOLOGIES THAT POSE THE LEAST DANGER, AND THE MOST SECURITY FOR THIS AND FUTURE GENERATIONS. IT IS TO THIS END THAT THE UNITED STATES HAS PROPOSED AN INTERNATIONAL FUEL CYCLE EVALUATION PROGRAM WHICH WOULD SEEK WAYS TO DEVELOP NUCLEAR TECHNOLOGIES WITH

MINIMUM RISK.

--- THE QUESTION OF THE NUCLEAR POWER STATION NOW UNDER CONSTRUCTION AT KRSKO RELATES TO THIS COMPLEX INTERNATIONAL ISSUE. IT IS ESSENTIAL TO PRESERVE THE PROGRESS THE UNITED STATES AND YUGOSLAVIA HAVE MADE IN THEIR JOINT EFFORT TO BUILD THE POWER STATION. IT IS AN OBJECT OF PEACEFUL COOPERATION IMPORTANT TO BOTH COUNTRIES, NOT JUST AS A SYMBOL BUT AS A VITAL PRODUCT OF MUTUAL EFFORT WITH COLLATORAL BENEFITS THAT ARE ALREADY POINTING THE WAY TO STILL FURTHER POSSIBILITIES OF COOPERATION.

--- IT SHOULD BE EMPHASIZED IN THIS REGARD THAT THE UNDERSTANDINGS WE HAVE BEEN SEEKING ON KRSKO ARE AIMED AT STRENGTHENING PEACEFUL NUCLEAR COOPERATION AND ARE FULLY SUPPORTIVE OF THE NON-PROLIFERATION TREATY TO
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WHICH WE BOTH ARE PARTIES. THE UNITED STATES UNDERSTANDS THAT YUGOSLAVIA IS PREPARED TO REITERATE ITS EXISTING COMMITMENTS NOT TO SEEK TO MANUFACTURE NUCLEAR WEAPONS OR OTHER NUCLEAR EXPLOSIVE DEVICES OR TO USE UNITED STATES EQUIPMENT AND FUEL FOR SUCH PURPOSE. IT IN NO WAY QUESTIONS YUGOSLAVIA'S INTENTIONS TO HONOR THESE COMMITMENTS. THE POINT OF APPARENT DIFFICULTY IS THE DESIRE OF THE UNITED STATES TO HAVE A VOICE IN THE DISPOSITION OF FUEL IRRADIATED IN THE KRSKO REACTOR.

--- THE CONCERN INVOLVED HERE IS THE UNIVERSAL IMPLICATIONS OF REPROCESSING. IT IS IMPORTANT TO RETARD THE MOVEMENT TOWARD THE GENERATION OF GLOBAL STOCKPILES OF PLUTONIUM WHILE THE NATIONS OF THE WORLD SEARCH TOGETHER FOR MORE SATISFACTORY ALTERNATIVES. IN REQUESTING A VOICE IN FUEL DISPOSITION, THE UNITED STATES HAS NO INTENTION OF CREATING ANY ECONOMIC DISADVANTAGE FOR YUGOSLAVIA OR ANY OTHER CONSUMER. RATHER, IT WISHES TO EXAMINE JOINTLY AT AN APPROPRIATE TIME ALTERNATIVES TO REPROCESSING, INCLUDING SHORT- AND LONG-TERM STORAGE OF SPENT FUEL BOTH NATIONALLY AND ON AN INTERNATIONAL BASIS. THE UNITED STATES MAY ALSO WISH TO CONSULT ABOUT ARRANGEMENTS WHEREBY IT MIGHT PURCHASE SPENT FUEL OR EXCHANGE IT FOR FRESH FUEL.

--- IT IS ALSO NOT THE INTENTION OR DESIRE OF THE UNITED STATES TO DISCRIMINATE AGAINST YUGOSLAVIA OR ANY OTHER COUNTRY IN THESE MATTERS. THE UNITED STATES ALREADY HAS RIGHTS OF REPROCESSING AND RETRANSFER

APPROVAL IN ITS NUCLEAR COOPERATION AGREEMENTS WITH MOST OTHER NATIONS. IN THE NEAR FUTURE, THE UNITED STATES WILL BEGIN RENEGOTIATION OF ITS EXISTING AGREEMENTS TO SEEK SIMILAR UNDERSTANDING WITH ALL U.S. RECIPIENTS OF NUCLEAR REACTORS AND ENRICHED FUEL
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WHERE SUCH UNDERSTANDINGS DO NOT ALREADY EXIST.

IN BOTH NEW AND RENEGOTIATED AGREEMENTS THE UNITED STATES ALSO WILL SEEK CONDITIONS DESIGNED TO REDUCE DISCRIMINATION AMONG CONSUMERS, SUCH AS COMPREHENSIVE IAEA SAFEGUARDS MORE CONSISTENT WITH THOSE ALREADY ACCEPTED BY NON-PROLIFERATION TREATY PARTIES.

--TO AVERT AN IMPASSE THAT WOULD RISK SERIOUS DELAY IN THE INSTALLATION OF THE KRSKO REACTOR, AND TO GAIN TIME TO DEVELOP BROADER SOLUTIONS TO THE COMPLEX PROBLEMS OF NON-PROLIFERATION, THE UNITED STATES PROPOSES:

(1) THAT YUGOSLAVIA REAFFIRM THAT NO EQUIPMENT OR MATERIALS OF US ORIGIN FURNISHED UNDER THE EXISTING COMMERCIAL COMMITMENT BETWEEN THE KRSKO CONSORTIUM AND EXIM BANK, INCLUDING THE FIRST FUEL CORE, WILL BE EXPORTED FROM YUGOSLAVIA. IF YUGOSLAVIA WISHES, THIS COULD BE COMMUNICATED DIRECTLY TO THE IAEA.

(2) THAT YUGOSLAVIA INDICATE ITS READINESS TO ENTER INTO NEGOTIATION OF AN ARRANGEMENT IN THE NEAR FUTURE THAT WOULD INCLUDE THE PRINCIPLE OF MUTUAL AGREEMENT ON THE DISPOSITION OF FUEL IRRADIATED IN THE KRSKO REACTOR. SUCH AN ARRANGEMENT COULD BE IN THE FORM OF A MULTILATERAL ACCORD TO WHICH BOTH GOVERNMENTS WERE PARTY, OR IT COULD BE PART OF AN AGREEMENT BETWEEN THE TWO COUNTRIES ON FUTURE NUCLEAR COOPERATION. ADDITIONALLY, THIS LATTER AGREEMENT COULD, IF YUGOSLAVIA DESIRES, PROVIDE FOR AN ASSURED SUPPLY OF NUCLEAR FUEL FOR REACTORS FOLLOWING KRSKO.

ISSUANCE OF THE PENDING EXPORT LICENSE FOR THE KRSKO REACTOR WOULD OCCUR UPON YOUR AGREEMENT TO THE TWO POINTS ABOVE. THE UNITED STATES WOULD EXPECT TO MOVE EXPEDITIOUSLY ON THE PENDING EXPORT LICENSES FOR KRSKO FUEL
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UPON CONCLUSION OF A MUTUALLY ACCEPTABLE AGREEMENT ON

DISPOSITION OF FUEL IRRADIATED IN THE KRSKO REACTOR.

--THE UNITED STATES FURTHER INVITES YUGOSLAVIA TO PARTICIPATE IN THE PROPOSED INTERNATIONAL FUEL CYCLE EVALUATION PROGRAM AND HOPES YUGOSLAVIA WILL LEND ITS FULL SUPPORT TO THAT EFFORT.

--FINALLY, THE UNITED STATES ANNOUNCES ITS WILLINGNESS TO SEND TO BELGRADE AT YUGOSLAVIA'S EARLIEST CONVENIENCE A TEAM FOR THE PURPOSE OF CONCLUDING THE ARRANGEMENTS OUTLINED ABOVE. THIS TEAM WOULD INCLUDE AN OFFICIAL EMPOWERED TO DISCUSS WITH YUGOSLAV REPRESENTATIVES THE CURRENT US THINKING ON NON-PROLIFERATION PROBLEMS.

THE TEAM'S VISIT COULD MARK THE BEGINNING OF A COOPERATIVE EFFORT IMPORTANT NOT JUST TO OUR OWN RELATIONS BUT WHICH COULD CONTRIBUTE TO THE ULTIMATE RESOLUTION OF THE GRAVE PROBLEM OF PROLIFERATION. VANCE

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